

**PECC Statement to the Third Senior Officials' Meeting  
Bandar Seri Begawan, Brunei Darussalam  
22-23 September 2000**

**by  
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**(3. PECC's Participation in SOM III and Related Meetings**

PECC is pleased to participate in SOM III and related meetings. Our colleagues have attended various meetings of APEC fora in these few days and made positive contributions to the APEC process.

PECC also had a busy but productive four-month between SOM II and III. I would like to highlight here some of the joint activities that have demonstrated our commitment to offering continued support and advice to APEC, as well as other upcoming events next lined on our list of agenda.

**(3. Areas of Continued Collaboration between PECC and APEC**

(3.1) PECC, since 1989, has played the supporting roles as APEC's policy herald, independent analyst, constructive partner, objective supporter, and community builder, which I addressed earlier this month on "The Role of PECC in Support of APEC: Problems & Prospects" at the International Conference on "APEC Update 2000: The Role of Institutions in Support of APEC" in Bangkok, Thailand. Furthermore, potential areas for future enhancement of PECC and APEC relations were also identified. In view of APEC's current reflection on institutional collaboration in the context of management review, I also attach the paper in the Annex for your consideration.

(3.2) PECC continues to participate in a number of APEC Meetings to further enhance working relationship between PECC and APEC. Since SOM II, PECC attended three Ministerial meetings of APEC – the Meeting of APEC Ministers Responsible for Trade in Darwin, Australia; the SME Ministerial Meeting in Brunei Darussalam; and the Finance Ministers Meeting also in Brunei Darussalam.

(2.2.1) On Trade Liberalization and Facilitation<sup>1</sup>: Dr. William Fung, PECC Chair, was present in Darwin to deliver the PECC Statement to the 21 APEC Ministers of Trade on June 7. The Statement was drafted based on the consensus reached at PECC Trade Policy Forum meeting that was held earlier in Brunei. PECC commended the advancement of APEC in trade

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<sup>1</sup> [ISSUES@PECC](mailto:ISSUES@PECC), *The Millennium Trade Agenda for the Asia-Pacific: Responding to New Challenges and Uncertainties*, by Trade Policy Forum, September 2000. The copy is available for circulation.

liberalization and facilitation program and noted the need to continue objective evaluation of progress towards the Bogor goal as reflected in IAPs and CAPs. PECC also outlined our strong belief in capacity building that is essential for mutual confidence among the Pacific economies, especially at the face of the many challenges arising from multi-faceted globalization. PECC called for renewed determination in open trade and investment so as to ensure success in the next round of WTO. PECC also shared with APEC some initial thoughts on the guiding principles for the establishment of the RTA-type arrangements which are springing in the region.

(2.2.2) On Corporate Governance<sup>2</sup>: Dr. Jesus Estanislao, the Peer Assistance Review Network (PARNet) Coordinator, made a presentation to the APEC Ministers of Finance in Brunei on September 10. By emphasizing on the validity of establishing Institutes of Directors (IODs) in East Asia, PECC articulated its belief in corporate governance and how it should be practiced in a systemic manner. Dr. Estanislao also expressed PECC's wish to continue constructive mutual support and cooperation with APEC Financiers' Group (AFG).

(2.2.3) On SMEs: Dr. Chris Hall, the SME Network Coordinator, attended the SME Ministers in Brunei Darussalam, on June 24. He underscored the importance of increasing positive gains from growing economic interdependence, and stressed the need for the SME Ministers to take a more active role in "the three-legged race of capacity building, facilitation, and liberalization."<sup>3</sup>

(2.2.4) PECC continues to be busy at the sub-fora level. For example, with the blessing of GOS, CTI, and BMC, PECC is undertaking the second phase project of GOS, "Menu of Options for Voluntary Liberalization, Facilitation, and Promotion of Economic and Technical Cooperation in Services Trade and Investment".

#### **(4. Upcoming PECC Meetings at Jakarta in October: 20<sup>th</sup> Anniversary and Community Building**

- (3.1) The next biannual PECC Standing Committee and Coordinating Group Meetings will take place in Jakarta, Indonesia, on 22-24 October. In conjunction with these meetings, the PECC Trade Policy Forum Workshop on "The Treatment of Market Power in East Asian Economies" and the Workshop on "Impediments to Foreign Direct Investment in the APEC Region" will be held on 20 and 21 October respectively.

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<sup>2</sup> [ISSUES@PECC](mailto:ISSUES@PECC), *Strengthening Financial Markets and Corporate Governance*, by Dr. Jesus Estanislao, June 2000.

<sup>3</sup> [http://www.pecc.net/members\\_forum/WorkGroup/2000/peccmin.doc](http://www.pecc.net/members_forum/WorkGroup/2000/peccmin.doc).

- (3.2) A Special session will be devoted to Indonesia on 24 October, where we will work closely with members of the Indonesian Parliament (DPR). The five issue areas for the special seminar will be (a) financial reform and openness; (b) corporate governance; (c) competition policy; (d) industrial policy; and (e) agricultural reform. The program will also include a presentation on the RISE project. PECC will bring up the salient issues relating to the process for developing a firm and sustained national commitment to open economic policy. It is hoped that this pilot project could come up with the set of diverse recommendations and suggestions of interest to member economies.

Last but not least, as this is the last formal SOM for the Brunei year, I wish to express my utmost appreciation for all the courtesies and support that the SOM Chair and his good staff members have extended to me. Special thanks are also extended to all friends of PECC which I had the great honor to work with as my colleagues in SOM, Committees, Working Groups and sub-fora as well as the APEC Secretariat.

## **The Role of PECC in Support of APEC: Problems and Prospects**

by

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at the “APEC Update 2000: The Role of Institutions in Support of APEC”  
1 September 2000  
Century Park Hotel, Bangkok

First of all, on behalf of the Pacific Economic Cooperation Council (PECC), I wish to express our gratitude to Dr. Medhi Krongkaew and the Thai APEC Study Center for inviting me to this Seminar. The Panel discussion on “The Role of Institutions in Support of APEC: Problems and Prospects” is most timely since the level of enthusiasm for various institutional participation, the potential for mutual collaboration, and institutional management of mutual support would indeed serve as a reality check and a planning tool for further cooperation. I am most delighted to see representatives from APEC Secretariat, APEC Study Centers Consortium, Foundations for Development Cooperation, and PAFTAD here and believe that we could find an optimal and coherent approach to channeling the synergy in promoting regional economic welfare in general and supporting APEC in particular.

This paper will discuss the continuing role that PECC plays in the promotion of regional economic cooperation, particularly its institutional support of APEC. The discussion will focus on the following areas: (1) the nature of PECC as a regional organization, (2) PECC’s linkage with APEC, and (3) Problems and Prospects for Further PECC-APEC Collaboration.<sup>4</sup>

### **(1) The Nature of PECC as a Regional Organization**

- **PECC as an Ongoing Process that has given birth to a “Pacific consciousness”**: Formed in 1980, PECC now comprises 23 Full Member Committees<sup>5</sup>, two Associate Member Committees<sup>6</sup>, and two Institutional Members<sup>7</sup>. PECC aims to serve as a regional forum for cooperation and policy coordination to promote economic development in the Pacific

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<sup>4</sup> Thanks are due to Mr. Eduardo Pedrosa, Director (Policy Program) of the PECC Secretariat, who has contributed much to the research of the PECC historical archives relevant to this paper. I also wish to acknowledge the valuable editing and useful suggestions provided by Ms. Susanna Suen of the PECC Chair’s Office.

<sup>5</sup> PECC’s 23 Full Member Committees include Australia; Brunei Darussalam; Canada; Chile; China; Colombia; Ecuador; Hong Kong, China; Indonesia; Japan; South Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Russia; Singapore; South Pacific Forum; Chinese Taipei; Thailand; the United States of America; and Vietnam.

<sup>6</sup> PECC’s two Associate Member Committees are France (Pacific Territories) and Mongolia.

<sup>7</sup> PECC’s two Institutional Members are Pacific Trade and Development Conference (PAFTAD) and Pacific Basin Economic Council (PBEC).

region. PECC is an organization borne out of the realization that economic development of the Pacific basin depends on economic cooperation based on free and open trade, which is stipulated in the Preamble to the PECC Vancouver Statement.

- **Tripartite and Independent:** PECC is a unique tripartite partnership of senior high-ranked individuals from business and industry, government, academic and other intellectual circles, represented by the Chairs of all member committees. All members, participating in their personal capacity, can freely discuss practical policy issues in an informal setting so as to advance trade, investment and economic development in the region.
- **Broad, Extensive Network and Policy-Oriented Program:** PECC is policy-oriented, pragmatic and anticipatory. Individual member economies consist of experts in various fields. The General Meetings are now held once every two years. The PECC 2000/2001 work program under the leadership of Dr. William Fung, the PECC Chair, is guided by the main theme of “Managing Globalization in the 21<sup>st</sup> Century” with three sub-themes of “Charting the Millennium Trade Agenda”, “Strengthening Financial Markets and Corporate Governance”, and “Community Building”.
- **The Only Non-Governmental Official Observer of APEC:** Since PECC was granted its official observer status in APEC in 1989, PECC has been providing its tripartite contributions to the various work programs under APEC as well as facilitating private sector participation in the formal APEC process.
- **PECC’s Standing Committee as Decision-Making Board:** The Standing Committee is the governing body of PECC, which comprises the Chairs of each member committee. The Associate Members’ participation in the Standing Committee Meetings requires consensus on invitation, and Institutional Members are represented at the Standing Committee Meetings, but they have no voting rights.
- **Coordinating Group as the Core of PECC’s Work Program:** A Coordinating Group, composed of 17 Task Force Coordinators and other PECC specialists<sup>8</sup>, guides the work of PECC fora and review cross-cutting issues facing the task forces. Task Forces are composed of representatives from PECC member committees and other Pacific national and regional organizations who have an interest in the work of the Task Forces.

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<sup>8</sup> PECC’s 17 Task Forces and Ad Hoc Project Groups include Energy Forum; Financial Markets Development Project Group; Fisheries Task Force; Food and Agriculture Forum; Human Resource Development Task Force; Minerals Forum; Pacific Economic Outlook—Forecast Project Group; Pacific Economic Outlook—Structural Project Group; Pacific Island Nations Task Force; Peer Assistance and Review Network; Science and Technology Task Force; Small and Medium Enterprise Network; Sustainable Cities Task Force; Telecommunication and Information Industry Forum; Tourism Task Force; Trade Policy Forum; and Transportation Task Force.

- **International Secretariat Assists in Decision Implementation:** The International Secretariat in Singapore has the primary responsibilities of supporting the Standing Committee meetings and the Coordinating Group meetings as required, and assisting in public outreach and maintaining close liaison with the APEC Secretariat and ABAC.

**(2) PECC's Linkage with APEC: Changing Roles and Functions**

PECC, as an Observer of APEC, has actively nurtured its linkages with APEC at all levels, from the Secretariat, Working Groups, Committees, Senior Officials Meetings, and Ministerial Meetings to the informal APEC process such as APEC Study Centers Consortium and the APEC Business Advisory Council. PECC has played multiple roles and performed various functions to render institutional support to APEC.

- (2.1) PECC as APEC's Policy Herald: PECC in the first decade put forth several position papers and addressed the need for an organization such as APEC to orchestrate regional cooperation agenda. PECC has also pioneered in providing APEC some valuable policy input, some of which were elaborated in PECC for some years. PECC's Trade Policy Forum has continued to serve as a strong proponent for the agenda of APEC's Committee of Trade and Investment. For instance, PECC has played an instrumental role in the formulation of the *APEC Non-binding Investment Code* and the *APEC Principles to Enhance Competition and Regulatory Reform* which help strengthen APEC's Collective Action Plans and Individual Action Plans. PECC has also worked closely with APEC in the *E-commerce initiative*, which set out envisaged priority issues and was presented to the APEC Telecommunications Ministerial Meeting in 1998. The numerous collaborative projects between PECC's Task Forces and APEC's Working Groups is also an indication of where policy developments may take place in the near future through APEC channels.
- (2.2) PECC as APEC's Independent Analyst: In the last decade, PECC was instrumental in providing an intellectual underpinning to APEC, including the setting of the Bogor goals. PECC has initiated some research projects which have been reported to APEC for further policy consideration. *Milestones in APEC Liberalization: A Map of Market Opening Measures by APEC Economies* (1995) and *Survey of Impediments to Trade and Investment in the APEC Region* (1995) are cases in point. PECC is named as one of the collaborators for Research and Analysis by the APEC Ministers in 1996. PECC is to update the *1995 Survey of Impediments to Trade and Investment* in the APEC Region. PECC is also well placed to undertake analysis for APEC. With our strong academic support, PECC is able to provide analytical support within tight timeframe. Examples include *Assessing APEC Individual Action Plans and Their Contribution to APEC's Goals* (1999) and *the Early Voluntary Sectoral Liberalization*

Annex: PECC Statement to SOM III

*Resource Study (1999). Currently, PECC is working on a Sample Prototype for Development of the APEC's Menu of Options for Voluntary Liberalization, Facilitation, and Promotion of Economic and Technical Cooperation in Services Trade and Investment.*

- (2.3) PECC as APEC's Constructive Partner: There have been abundant instances over the years where PECC has proved to be a constructive partner of APEC. For instance, PECC and APEC have developed a strategic partnership in their joint project on RISE (*Regional Integration for Sustainable Economies*), which aims to produce concrete deliverables to support rural-urban linkages and integrated infrastructure investment and to help accelerate diversified economic development in secondary market centers throughout APEC emerging economies. PECC has also played a constructive role in enhancing the on-going dialogue between the region's top energy leaders from the government and private sector. A special government-private sector dialogue focusing on natural gas as a clean fuel option for the ASEAN region demonstrated the growing importance of public-private cooperation in the sector. In the new economy, PECC believes that APEC could play a major role in shaping the WTO's future agenda taking into account the paradigm shift that technology has brought in the way we do business. PECC has made the commitment to continue and strengthen its role in promoting the multilateral trade liberalization program. Noting that APEC would also like to contribute to the multilateral process, PECC would also continue to be a constructive partner for APEC in this respect.
- (2.4) PECC as APEC's Objective Supporter: PECC, with nearly the same membership composition with that of APEC, has experienced the value and process of consensus-building in the region for two decades. It seems that to balance wishful aspirations with constructive suggestions has become the PECC approach to supporting APEC in an objective manner. Neither has PECC joined in the outright critique against APEC without proposing alternatives, nor has PECC shied away from cheering on APEC's incremental progress from year to year. It is evident that PECC has at times identified some fragmented policy linkages, evaluated policy options, and proposed various coherent approaches as APEC's objective supporter. .
- (2.5) PECC as APEC's Community Builder: The essence of community building is to instill a sense of shared value, shared destiny, and goodwill within a shared community. PECC, with its commitment to regional cooperation for the past two decades, is in a good position to promote the underlying spirit of community. In the case of the Asian financial crisis in 1997, PECC has taken the lead in establishing the *Peer Assessment and Review Network* so as to advance the understanding of the causes as well as remedies for preventing another similar crisis. PECC is also taking concrete actions to help Indonesia, a Pacific economy in distress, build its capacity, for example, through experience sharing on policy reform. With the optimal coordination under our tripartite structure, PECC could well enhance shared values,



address shared issues of concern, formulate policy options and facilitate capacity building as a regional community builder.

**(3) Problems and Prospects**

- (3.1) Different Membership between PECC and APEC: Even though PECC and APEC have 20 member economies in common, some APEC officials do not feel comfortable with the non-APEC PECC members' participation in the APEC process, particularly in the Ministerial-level events. This may become a stumbling block to further cooperation between the two organizations. Currently, the non-APEC PECC members include: Ecuador, Colombia, and South Pacific Forum<sup>9</sup> as Full Members; France (Pacific Territories) and Mongolia as Associate Members; and Pacific Trade and Development Conference (PAFTAD) and Pacific Basin Economic Council (PBEC) as Institutional Members. On the other hand, the only non-PECC APEC member is Papua New Guinea. To forge closer collaboration between PECC and APEC, I consider that mutual trust with candid communication is paramount and can help solve a lot of sensitive problems. PECC, with its strong tripartite membership, should be well geared to support APEC as an institutional entity, rather than as various individual participants.
- (3.2) PECC's Underutilized Potential PECC's tripartite structure and its functional roles could be better utilized in the support of APEC. There is still untapped potential within PECC's tripartite structure of academia, business, and government. For instance, academia's policy suggestions or conceptual frameworks could be put to business for reality check before they are submitted for government's consideration; business' wish lists could be analyzed with various policy options by the academia before they are considered by the government; government's reform package and policy-making could fit into a well-orchestrated feedback system of academia and business, etc. By maximizing the tripartite structure, PECC could play important roles as policy herald, research analyst, constructive partner, objective supporter and community builder so as to enhance APEC's institutional value. Nevertheless, whether PECC could make valuable contribution to APEC would also depend on factors on the APEC side, such as its timely consultation with PECC and encouragement for comprehensive policy options.
- (3.3) Lack of Effective Coordination among the Proliferated Institutional Setups: PECC and APEC have largely parallel functional task forces or working groups. Their work programs may contribute more or less to the same objectives in promoting regional growth and development. To maximize collaboration and minimize duplication of efforts, there are merits for developing more cooperative programs so that the resources of both organizations could be better utilized. PECC could

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<sup>9</sup> Though not an APEC member, SPF is an Observer of APEC as well.

help in research and making policy suggestions. Perhaps improving coordination between PECC's task forces and relevant APEC working groups could help. For instance, both sides could explore the possibility of collaboration in the areas of telecommunications, transportation, tourism, fishery, energy, food and agriculture, science and technology, etc. Development of closer relationship between PECC's Pacific Economic Outlook Project Group and APEC's Economic Committee; and perhaps between PECC's Coordinating Group and APEC's Sub-Committee on Economic and Technical Cooperation could also be explored.

- (3.4) Balancing the Roles of Heraldry and Fire-Fighting: Due to the annual rotation of APEC chairmanship, it is inevitable that the issues may have to be submitted for APEC high-level attention within the short yearly cycle. Hence, updated information is very important and there is a great need for more substantive research. PECC is able to provide a more forward-looking long-term agenda in support of APEC, in addition to offering inputs to or responding to short-term projects.
- (3.5) Pooling of Resources for Common Areas of Interests: Considering the amount of time and resources PECC and APEC have been spending in communicating and meeting with each other, there are indeed many areas for cooperation (e.g., capacity building and human resource development) where PECC and APEC could share ideas, practices, and policy approaches. A regular and close coordination in collaborative projects and with set timetables would be worthwhile for mutual fertilization. The strengthening of the linkage between the APEC Secretariat and the PECC Secretariat would perhaps contribute more to the bilateral institutional collaboration. The APEC Secretariat does maintain a provision to support research and analysis in collaboration with PECC as required by the APEC fora. However, such capacity seems underutilized. The prospect for resource pooling would indeed be of paramount importance for both PECC and APEC to forge sustainable partnership.

In conclusion, PECC will continue to play the responsible roles of policy herald, independent analyst, constructive partner, objective supporter, and community builder. However, some pending issues such as the different membership, underutilized potential, ineffective coordination, balancing heraldry with fire-fighting, and resource pooling could well be re-visited between PECC and APEC so as to enhance further institutional mutual support and sustain a well-blessed marriage coming of age.